

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

1 0 - 1 4

2. STATE:

Michigan

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH FINANCING ADMINISTRATION
DEPARTMENT OF HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
September 29, 2010

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:
42 CFR 447 Subpart D

7. FEDERAL BUDGET IMPACT:

a. FFY 10 \$ 18,641,050.00

b. FFY 11 \$ 1,644,750.00

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-A pages 24a and 24c

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Attachment 4.19-A pages 24a and 24c

10. SUBJECT OF AMENDMENT:

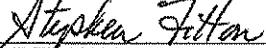
Hospital DSH pools - Small hospital and Outpatient Uncompensated Care

11. GOVERNOR'S REVIEW (Check One):

- ☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:
Stephen Fitton, Director
Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL:



13. TYPED NAME:
Stephen Fitton

14. TITLE:
Director, Medical Services Administration

15. DATE SUBMITTED:
September 28, 2010

16. RETURN TO:

Medical Services Administration
Program/Eligibility Policy Division - Federal Liaison Unit
Capitol Commons Center - 7th Floor
400 South Pine
Lansing, Michigan 48933

Attn: Nancy Bishop

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPE NAME:

22. TITLE:

23. REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care***

d. Small Hospital Pool

A special pool of \$7.5 million will be established and renewed annually at the same level. The purpose of the pool is to assure DSH funding for hospitals and hospital systems that received less than \$900,000 in state fiscal year 2008 under Section H.1. For the purposes of this section, a hospital system is defined as two or more affiliated hospitals. Affiliations will be determined based upon Michigan Medical Services Administration hospital records, and according to policy promulgated pertinent to this DSH pool. No payment less than \$1,000 will be made from the \$7.5 million small hospital pool.

In order to receive a payment from the Small Hospital DSH Pool, all three of the following must apply:

- 1) Hospitals must meet minimum federal requirements for Medicaid DSH payments,
- 2) Hospitals must have Medicaid utilization of not less than 1% based on the formula in Section H, and,
- 3) Hospitals and hospital systems must have received less than \$900,000 in DSH payments in state fiscal year 2008 under Section H.1.

Small Hospital DSH payments will be based on Title XIX charges and Medicaid utilization. Title XIX charges used for computing DSH payments from this pool will be the sum of Title XIX charges and Title XIX MCO charges. The Medicaid utilization rate will be based on the proportion of Medicaid inpatient days to total hospital days as specified in Section H. Each hospital's Title XIX charges and Medicaid utilization will be taken from hospital cost reports for cost periods ending during the second previous state fiscal year.

The formula to calculate the distribution of payments from the Small Hospital DSH Pool will be as follows:

- 1) Hospital Title XIX Charges x Hospital Medicaid Utilization = Hospital Pool Factor
- 2)
$$\frac{\text{Hospital Pool Factor}}{\sum \text{of all Hospital Pool Factors}} \times \text{Small Hospital Pool Allocation}$$

TN NO.: 10-14

Approval Date: _____

Effective Date: 09/29/2010

Supersedes
TN No.: 09-04

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Methods and Standards for Establishing Payment Rates Inpatient Hospital Care

Aggregate DSH expenditures will be made in accordance with Section 1923(g)(1)(A) of the Social Security Act. Prior to computing the amount of payment each individual hospital is eligible to receive from this pool, all other DSH and Medicaid payments that the hospital is scheduled to receive will be counted against the hospital's DSH limit.

g. Outpatient Uncompensated Care DSH Pool

A special pool will be created annually for the purpose of reimbursing hospitals for a portion of their uncompensated care. The pool amount will be \$38,300,000 in fiscal year 2007, \$63,200,000 in fiscal year 2008, \$60,000,000 in fiscal year 2009, \$87,000,000 in fiscal year 2010 and \$60,000,000 each subsequent fiscal year. Payments from the pool will be made annually.

In order to qualify for a payment from the Outpatient Uncompensated Care DSH Pool, hospitals must meet the minimum requirements for Medicaid DSH payments as specified in Section H. Funds will be distributed from the Outpatient Uncompensated Care DSH Pool to qualifying Privately-Owned or Operated and Non-State Government-Owned or Operated DSH eligible hospitals in Michigan.

For fiscal years 2007 and 2008 only, the Outpatient Uncompensated Care DSH Pool will be split into Small and Rural and Large-Urban components as follows:

Component	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Subsequent Fiscal Years
Small and Rural components	\$18,900,000	\$31,100,000	\$30,000,000	\$43,500,000	\$30,000,000
Large-Urban components	\$19,400,000	\$32,100,000	\$30,000,000	\$43,500,000	\$30,000,000
TOTALS	\$38,300,000	\$63,200,000	\$60,000,000	\$87,000,000	\$60,000,000

For purposes of distributions from this pool, any qualifying DSH hospital located in Michigan with less than 100 acute care beds or any qualifying DSH hospital located in a Michigan rural or Micropolitan County will be eligible to receive a proportional share of the Small and Rural components of the pool.

Also for purposes of distributions from this pool, any qualifying DSH hospital with 100 or more acute care beds and located in an urban Michigan county will be eligible to receive a proportional share of the Large-Urban components of the pool.

The distribution of funding from the Outpatient Uncompensated Care DSH Pool will be based on each hospital's proportion of outpatient uncompensated care relative to other hospitals in the pool. The formula below will be used to calculate the distribution of payments from the Outpatient Uncompensated Care DSH Pool.

TN NO.: 10-14

Approval Date: _____

Effective Date: 09/29/2010

Supersedes

TN No.: 07-15